



HEALTH ANNUAL STATEMENT
FOR THE YEAR ENDING DECEMBER 31, 2006
OF THE CONDITION AND AFFAIRS OF THE

Fidelis SecureCare of Michigan Inc.

NAIC Group Code	3744	3744	NAIC Company Code	10769	Employer's ID Number	30-0312489
	(Current Period)	(Prior Period)				
Organized under the Laws of	Michigan			State of Domicile or Port of Entry	Michigan	
Country of Domicile	United States					
Licensed as business type:	Life, Accident & Health [] Property/Casualty [] Dental Service Corporation [] Vision Service Corporation [] Other [] Health Maintenance Organization [X] Hospital, Medical & Dental Service or Indemnity [] Is HMO, Federally Qualified? Yes [X] No []					
Incorporated/Organized	12/09/2004			Commenced Business	07/15/2005	
Statutory Home Office	38777 West Six Mile Road, Suite 207			Livonia, MI 48152		
	(Street and Number)			(City or Town, State and Zip Code)		
Main Administrative Office	1700 East Golf Road, Suite 1115					
	Schaumburg, IL 60173			847-605-0501		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Mail Address	1700 East Golf Road, Suite 1115			Schaumburg, IL 60173		
	(Street and Number or P.O. Box)			(City or Town, State and Zip Code)		
Primary Location of Books and Records	1700 East Golf Road, Suite 1115					
	Schaumburg, IL 60173			847-605-0501		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number)		
Internet Website Address	www.fidelissc.com					
Statutory Statement Contact	Tim Duffy			847-605-0501		
	(Name)			(Area Code) (Telephone Number) (Extension)		
	tim.duffy@fidelissc.com			847-517-1085		
	(E-mail Address)			(FAX Number)		
Policyowner Relations Contact	38777 West Six Mile Road, Suite 207					
	Livonia, MI 48152			734-779-1681		
	(City or Town, State and Zip Code)			(Area Code) (Telephone Number) (Extension)		

OFFICERS

Name	Title	Name	Title
Beattie DeLong Mr.	President	David Goltz Mr.	Treasurer
Samuel Willcoxon Mr.	Secretary		

OTHER OFFICERS

DIRECTORS OR TRUSTEES

David Goltz Mr.	Samuel Willcoxon Mr.	Jerome Wilborn Mr.	
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State ofIllinois.....
County ofCook.....
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The officers of this reporting entity, being duly sworn, each depose and say that they are the described officers of said reporting entity, and that on the reporting period stated above, all of the herein described assets were the absolute property of the said reporting entity, free and clear from any liens or claims thereon, except as herein stated, and that this statement, together with related exhibits, schedules and explanations therein contained, annexed or referred to is a full and true statement of all the assets and liabilities and of the condition and affairs of the said reporting entity as of the reporting period stated above, and of its income and deductions therefrom for the period ended, and have been completed in accordance with the NAIC Annual Statement Instructions and Accounting Practices and Procedures manual except to the extent that: (1) state law may differ; or, (2) that state rules or regulations require differences in reporting not related to accounting practices and procedures, according to the best of their information, knowledge and belief, respectively. Furthermore, the scope of this attestation by the described officers also includes the related corresponding electronic filing with the NAIC, when required, that is an exact copy (except for formatting differences due to electronic filing) of the enclosed statement. The electronic filing may be requested by various regulators in lieu of or in addition to the enclosed statement.

Beattie Delong President	David Goltz Treasurer	Samuel Willcoxon Secretary
Subscribed and sworn to before me this day of _____,		
Tracie Wilcox		
a. Is this an original filing? Yes [X] No []		
b. If no,		
1. State the amendment number _____		
2. Date filed _____		
3. Number of pages attached _____		

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

ASSETS

	Current Year			Prior Year
	1	2	3	4
	Assets	Nonadmitted Assets	Net Admitted Assets (Cols. 1 - 2)	Net Admitted Assets
1. Bonds (Schedule D).....	544,763		544,763	517,763
2. Stocks (Schedule D):				
2.1 Preferred stocks .....	.0		.0	.0
2.2 Common stocks .....	.0		.0	1,108,170
3. Mortgage loans on real estate (Schedule B):				
3.1 First liens .....			.0	.0
3.2 Other than first liens .....			.0	.0
4. Real estate (Schedule A):				
4.1 Properties occupied by the company (less \$ encumbrances).....			.0	.0
4.2 Properties held for the production of income (less \$ encumbrances) .....			.0	.0
4.3 Properties held for sale (less \$ encumbrances) .....			.0	.0
5. Cash (\$3,865,256 , Schedule E, Part 1), cash equivalents (\$0 , Schedule E, Part 2) and short-term investments (\$300,220 , Schedule DA).....	4,165,476		4,165,476	312,952
6. Contract loans, (including \$premium notes)			.0	.0
7. Other invested assets (Schedule BA) .....	.0	.0	.0	.0
8. Receivables for securities .....			.0	.0
9. Aggregate write-ins for invested assets .....	.0	.0	.0	.0
10. Subtotals, cash and invested assets (Lines 1 to 9)	4,710,239	.0	4,710,239	1,938,885
11. Title plants less \$charged off (for Title Insurers only) .....			.0	.0
12. Investment income due and accrued	25,897		25,897	5,958
13. Premiums and considerations:				
13.1 Uncollected premiums and agents' balances in the course of collection	478,546		478,546	160,092
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due (including \$earned but unbilled premium).....			.0	.0
13.3 Accrued retrospective premium.....			.0	.0
14. Reinsurance:				
14.1 Amounts recoverable from reinsurers .....			.0	.0
14.2 Funds held by or deposited with reinsured companies .....			.0	.0
14.3 Other amounts receivable under reinsurance contracts .....			.0	.0
15. Amounts receivable relating to uninsured plans .....			.0	.0
16.1 Current federal and foreign income tax recoverable and interest thereon .....			.0	.0
16.2 Net deferred tax asset.....	4,886	4,886	.0	.0
17. Guaranty funds receivable or on deposit .....			.0	.0
18. Electronic data processing equipment and software.....			.0	.0
19. Furniture and equipment, including health care delivery assets (\$ ..... ) .....			.0	.0
20. Net adjustment in assets and liabilities due to foreign exchange rates .....			.0	.0
21. Receivables from parent, subsidiaries and affiliates .....			.0	.0
22. Health care (\$) and other amounts receivable.....	87,278	87,278	.0	106,000
23. Aggregate write-ins for other than invested assets .....	.0	.0	.0	.0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	5,306,846	92,164	5,214,682	2,210,935
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....			.0	.0
26. Total (Lines 24 and 25)	5,306,846	92,164	5,214,682	2,210,935
DETAILS OF WRITE-INS				
0901.				
0902.				
0903.				
0998. Summary of remaining write-ins for Line 9 from overflow page .....	.0	.0	.0	.0
0999. Totals (Lines 0901 through 0903 plus 0998) (Line 9 above)	.0	.0	.0	.0
2301.				
2302.				
2303.				
2398. Summary of remaining write-ins for Line 23 from overflow page .....	.0	.0	.0	.0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	.0	.0	.0	.0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

LIABILITIES, CAPITAL AND SURPLUS

	Current Year			Prior Year
	1 Covered	2 Uncovered	3 Total	4 Total
1. Claims unpaid (less \$ reinsurance ceded)	2,863,829		2,863,829	572,474
2. Accrued medical incentive pool and bonus amounts	16,426		16,426	0
3. Unpaid claims adjustment expenses	26,971		26,971	1,000
4. Aggregate health policy reserves			0	0
5. Aggregate life policy reserves			0	0
6. Property/casualty unearned premium reserves			0	0
7. Aggregate health claim reserves			0	0
8. Premiums received in advance			0	0
9. General expenses due or accrued	30,265		30,265	46,496
10.1 Current federal and foreign income tax payable and interest thereon (including \$ on realized capital gains (losses))			0	0
10.2 Net deferred tax liability			0	0
11. Ceded reinsurance premiums payable			0	0
12. Amounts withheld or retained for the account of others			0	3,609
13. Remittance and items not allocated			0	0
14. Borrowed money (including \$ current) and interest thereon \$ (including \$ current)			0	0
15. Amounts due to parent, subsidiaries and affiliates	61,610		61,610	0
16. Payable for securities			0	0
17. Funds held under reinsurance treaties with (\$ authorized reinsurers and \$ unauthorized reinsurers)			0	0
18. Reinsurance in unauthorized companies			0	0
19. Net adjustments in assets and liabilities due to foreign exchange rates			0	0
20. Liability for amounts held under uninsured plans			0	0
21. Aggregate write-ins for other liabilities (including \$ current)	657,782	0	657,782	0
22. Total liabilities (Lines 1 to 21)	3,656,883	0	3,656,883	623,579
23. Aggregate write-ins for special surplus funds	XXX	XXX	0	0
24. Common capital stock	XXX	XXX	1	1
25. Preferred capital stock	XXX	XXX		0
26. Gross paid in and contributed surplus	XXX	XXX	1,599,999	1,599,999
27. Surplus notes	XXX	XXX		0
28. Aggregate write-ins for other than special surplus funds	XXX	XXX	0	0
29. Unassigned funds (surplus)	XXX	XXX	(42,201)	(12,644)
30. Less treasury stock, at cost:				
30.1 shares common (value included in Line 24 \$)	XXX	XXX		0
30.2 shares preferred (value included in Line 25 \$)	XXX	XXX		0
31. Total capital and surplus (Lines 23 to 29 minus Line 30)	XXX	XXX	1,557,799	1,587,356
32. Total liabilities, capital and surplus (Lines 22 and 31)	XXX	XXX	5,214,682	2,210,935
DETAILS OF WRITE-INS				
2101. Due to CMS - Reinsuracne LICs	657,782		657,782	0
2102.				
2103.				
2198. Summary of remaining write-ins for Line 21 from overflow page	0	0	0	0
2199. Totals (Lines 2101 through 2103 plus 2198) (Line 21 above)	657,782	0	657,782	0
2301.	XXX	XXX		
2302.	XXX	XXX		
2303.	XXX	XXX		
2398. Summary of remaining write-ins for Line 23 from overflow page	XXX	XXX	0	0
2399. Totals (Lines 2301 through 2303 plus 2398) (Line 23 above)	XXX	XXX	0	0
2801.	XXX	XXX		
2802.	XXX	XXX		
2803.	XXX	XXX		
2898. Summary of remaining write-ins for Line 28 from overflow page	XXX	XXX	0	0
2899. Totals (Lines 2801 through 2803 plus 2898) (Line 28 above)	XXX	XXX	0	0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

STATEMENT OF REVENUE AND EXPENSES

	Current Year		Prior Year
	1 Uncovered	2 Total	3 Total
1. Member Months.....	XXX	4,739	526
2. Net premium income (including \$0 non-health premium income).....	XXX	8,756,847	814,647
3. Change in unearned premium reserves and reserve for rate credits	XXX		0
4. Fee-for-service (net of \$ medical expenses)	XXX		0
5. Risk revenue	XXX		0
6. Aggregate write-ins for other health care related revenues	XXX	0	0
7. Aggregate write-ins for other non-health revenues	XXX	0	0
8. Total revenues (Lines 2 to 7)	XXX	8,756,847	814,647
Hospital and Medical:			
9. Hospital/medical benefits		4,296,368	897,137
10. Other professional services		2,583,166	0
11. Outside referrals			0
12. Emergency room and out-of-area		28,789	0
13. Prescription drugs		1,462,001	0
14. Aggregate write-ins for other hospital and medical.....	0	0	0
15. Incentive pool, withhold adjustments and bonus amounts.....		46,235	0
16. Subtotal (Lines 9 to 15)	0	8,416,559	897,137
Less:			
17. Net reinsurance recoveries		(103,721)	150,000
18. Total hospital and medical (Lines 16 minus 17)	0	8,520,280	747,137
19. Non-health claims (net).....			0
20. Claims adjustment expenses, including \$0 cost containment expenses.....		26,971	3,481
21. General administrative expenses.....		241,445	112,769
22. Increase in reserves for life and accident and health contracts (including \$ increase in reserves for life only).....		0	0
23. Total underwriting deductions (Lines 18 through 22)	0	8,788,696	863,387
24. Net underwriting gain or (loss) (Lines 8 minus 23)	XXX	(31,849)	(48,740)
25. Net investment income earned (Exhibit of Net Investment Income, Line 17).....		89,400	36,096
26. Net realized capital gains (losses) less capital gains tax of \$			0
27. Net investment gains (losses) (Lines 25 plus 26)	0	89,400	36,096
28. Net gain or (loss) from agents' or premium balances charged off [(amount recovered \$) (amount charged off \$)]			0
29. Aggregate write-ins for other income or expenses	0	0	0
30. Net income or (loss) after capital gains tax and before all other federal income taxes (Lines 24 plus 27 plus 28 plus 29).....	XXX	57,551	(12,644)
31. Federal and foreign income taxes incurred	XXX		0
32. Net income (loss) (Lines 30 minus 31)	XXX	57,551	(12,644)
DETAILS OF WRITE-INS			
0601.	XXX		
0602.	XXX		
0603.	XXX		
0698. Summary of remaining write-ins for Line 6 from overflow page	XXX	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	XXX	0	0
0701.	XXX		
0702.	XXX		
0703.	XXX		
0798. Summary of remaining write-ins for Line 7 from overflow page	XXX	0	0
0799. Totals (Lines 0701 through 0703 plus 0798) (Line 7 above)	XXX	0	0
1401.			
1402.			
1403.			
1498. Summary of remaining write-ins for Line 14 from overflow page	0	0	0
1499. Totals (Lines 1401 through 1403 plus 1498) (Line 14 above)	0	0	0
2901.			
2902.			
2903.			
2998. Summary of remaining write-ins for Line 29 from overflow page	0	0	0
2999. Totals (Lines 2901 through 2903 plus 2998) (Line 29 above)	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

STATEMENT OF REVENUE AND EXPENSES (continued)

	1 Current Year	2 Prior Year
CAPITAL AND SURPLUS ACCOUNT:		
33. Capital and surplus prior-reporting period	1,587,356	.0
34. Net income or (loss) from Line 32 .....	.57,551	(12,644)
35. Change in valuation basis of aggregate policy and claim reserves .....		.0
36. Change in net unrealized capital gains (losses) less capital gains tax of \$ .....		.0
37. Change in net unrealized foreign exchange capital gain or (loss) .....		.0
38. Change in net deferred income tax .....	.5,057	.0
39. Change in nonadmitted assets	(92,164)	.0
40. Change in unauthorized reinsurance .....	.0	.0
41. Change in treasury stock .....	.0	.0
42. Change in surplus notes .....	.0	.0
43. Cumulative effect of changes in accounting principles .....		.0
44. Capital Changes:		
44.1 Paid in .....	.0	.1
44.2 Transferred from surplus (Stock Dividend) .....		.0
44.3 Transferred to surplus .....		.0
45. Surplus adjustments:		
45.1 Paid in .....	.0	1,599,999
45.2 Transferred to capital (Stock Dividend) .....	.0	.0
45.3 Transferred from capital .....		.0
46. Dividends to stockholders .....		.0
47. Aggregate write-ins for gains or (losses) in surplus .....	.0	.0
48. Net change in capital & surplus (Lines 34 to 47)	(29,556)	1,587,356
49. Capital and surplus end of reporting period (Line 33 plus 48)	1,557,800	1,587,356
DETAILS OF WRITE-INS		
4701.		
4702.		
4703.		
4798. Summary of remaining write-ins for Line 47 from overflow page .....	.0	.0
4799. Totals (Lines 4701 through 4703 plus 4798) (Line 47 above)	0	0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

CASH FLOW

	1 Current Year To Date	2 Prior Year Ended December 31
Cash from Operations		
1. Premiums collected net of reinsurance.....	8,438,393	654,555
2. Net investment income	64,706	28,313
3. Miscellaneous income	0	(106,000)
4. Total (Lines 1 through 3)	8,503,099	576,868
5. Benefits and loss related payments	6,212,499	174,663
6. Net transfers to Separate, Segregated Accounts and Protected Cell Accounts.....		0
7. Commissions, expenses paid and aggregate write-ins for deductions	258,676	68,754
8. Dividends paid to policyholders		0
9. Federal and foreign income taxes paid (recovered) \$ net of tax on capital gains (losses)	9,943	0
10. Total (Lines 5 through 9)	6,481,118	243,417
11. Net cash from operations (Line 4 minus Line 10)	2,021,981	333,451
Cash from Investments		
12. Proceeds from investments sold, matured or repaid:		
12.1 Bonds	520,000	0
12.2 Stocks	1,108,170	0
12.3 Mortgage loans	0	0
12.4 Real estate	0	0
12.5 Other invested assets	0	0
12.6 Net gains or (losses) on cash, cash equivalents and short-term investments	12,381	0
12.7 Miscellaneous proceeds	0	0
12.8 Total investment proceeds (Lines 12.1 to 12.7)	1,640,551	0
13. Cost of investments acquired (long-term only):		
13.1 Bonds	542,245	515,938
13.2 Stocks	0	1,108,170
13.3 Mortgage loans	0	0
13.4 Real estate	0	0
13.5 Other invested assets	0	0
13.6 Miscellaneous applications	12,381	0
13.7 Total investments acquired (Lines 13.1 to 13.6)	554,626	1,624,108
14. Net increase (or decrease) in contract loans and premium notes	0	0
15. Net cash from investments (Line 12.8 minus Line 13.7 and Line 14)	1,085,925	(1,624,108)
Cash from Financing and Miscellaneous Sources		
16. Cash provided (applied):		
16.1 Surplus notes, capital notes	0	0
16.2 Capital and paid in surplus, less treasury stock.....	0	1,600,000
16.3 Borrowed funds	0	0
16.4 Net deposits on deposit-type contracts and other insurance liabilities	686,618	0
16.5 Dividends to stockholders	0	0
16.6 Other cash provided (applied).....	58,001	3,609
17. Net cash from financing and miscellaneous sources (Line 16.1 to Line 16.4 minus Line 16.5 plus Line 16.6)	744,619	1,603,609
RECONCILIATION OF CASH, CASH EQUIVALENTS AND SHORT-TERM INVESTMENTS		
18. Net change in cash, cash equivalents and short-term investments (Line 11 plus Line 15 plus Line 17)	3,852,525	312,952
19. Cash, cash equivalents and short-term investments:		
19.1 Beginning of year	312,952	0
19.2 End of year (Line 18 plus Line 19.1)	4,165,477	312,952

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

ANALYSIS OF OPERATIONS BY LINES OF BUSINESS

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-term Care	Other Health	Other Non-Health
1. Net premium income	8,756,847	.0	.0	.0	.0	.0	8,756,847	.0	.0	.0	.0	.0	.0
2. Change in unearned premium reserves and reserve for rate credit	.0												
3. Fee-for-service (net of \$ medical expenses)	.0												
4. Risk revenue	.0												XXX
5. Aggregate write-ins for other health care related revenues	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
6. Aggregate write-ins for other non-health care related revenues	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
7. Total revenues (Lines 1 to 6)	8,756,847	.0	.0	.0	.0	.0	8,756,847	.0	.0	.0	.0	.0	.0
8. Hospital/medical benefits	4,296,368						4,296,368						XXX
9. Other professional services	2,583,166						2,583,166						XXX
10. Outside referrals	.0												XXX
11. Emergency room and out-of-area	28,789						28,789						XXX
12. Prescription Drugs	1,462,001						1,462,001						XXX
13. Aggregate write-ins for other hospital and medical	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
14. Incentive pool, withhold adjustments and bonus amounts	.0						.46,235						XXX
15. Subtotal (Lines 8 to 14)	8,416,559	.0	.0	.0	.0	.0	8,416,559	.0	.0	.0	.0	.0	XXX
16. Net reinsurance recoveries	(103,721)						(103,721)						XXX
17. Total hospital and medical (Lines 15 minus 16)	8,520,280	.0	.0	.0	.0	.0	8,520,280	.0	.0	.0	.0	.0	XXX
18. Non-health claims (net)	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
19. Claims adjustment expenses including \$ cost containment expenses	26,971						26,971						
20. General administrative expenses	241,446						241,446						
21. Increase in reserves for accident and health contracts	.0												XX
22. Increase in reserves for life contracts	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX
23. Total underwriting deductions (Lines 17 to 22)	8,788,697	.0	.0	.0	.0	.0	8,788,697	.0	.0	.0	.0	.0	.0
24. Net underwriting gain or (loss) (Line 7 minus Line 23)	(31,850)	.0	.0	.0	.0	.0	(31,850)	.0	.0	.0	.0	.0	.0
DETAILS OF WRITE-INS													
0501.													XXX
0502.													XXX
0503.													XXX
0598.	Summary of remaining write-ins for Line 5 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
0599.	Totals (Lines 0501 through 0503 plus 0598) (Line 5 above)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
0601.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0602.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0603.		XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	
0698.	Summary of remaining write-ins for Line 6 from overflow page	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
0699.	Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	.0	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	XXX	.0
1301.													XXX
1302.													XXX
1303.													XXX
1398.	Summary of remaining write-ins for Line 13 from overflow page	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX
1399.	Totals (Lines 1301 through 1303 plus 1398) (Line 13 above)	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	XXX

UNDERWRITING AND INVESTMENT EXHIBIT
PART 1 - PREMIUMS

Line of Business	1 Direct Business	2 Reinsurance Assumed	3 Reinsurance Ceded	4 Net Premium Income (Cols. 1+2-3)
1. Comprehensive (hospital and medical) .....				.....0
2. Medicare Supplement .....				.....0
3. Dental Only .....				.....0
4. Vision Only .....				.....0
5. Federal Employees Health Benefits Plan .....				.....0
6. Title XVIII - Medicare	8,895,820		138,973	8,756,847
7. Title XIX - Medicaid .....				.....0
8. Stop Loss .....				.....0
9. Disability Income .....				.....0
10. Long-term care .....				.....0
11. Other health .....				.....0
12. Health subtotat (Lines 1 through 11)	8,895,820	0	138,973	8,756,847
13. Life .....				.....0
14. Property/Casualty .....				.....0
15. Totals (Lines 12 to 14)	8,895,820	0	138,973	8,756,847

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2 - Claims Incurred During the Year

	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Payments during the year:													
1.1 Direct	6,316,247						6,316,247						
1.2 Reinsurance assumed	0												
1.3 Reinsurance ceded	46,278						46,278						
1.4 Net	6,269,969	0	0	0	0	0	6,269,969	0	0	0	0	0	0
2. Paid medical incentive pools and bonuses	29,809						29,809						
3. Claim liability December 31, current year from Part 2A:													
3.1 Direct	2,863,829	0	0	0	0	0	2,863,829	0	0	0	0	0	0
3.3 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
3.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
3.4 Net	2,863,829	0	0	0	0	0	2,863,829	0	0	0	0	0	0
4. Claim reserve December 31, current year from Part 2D:													
4.1 Direct	0												
4.2 Reinsurance assumed	0												
4.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
5. Accrued medical incentive pools and bonuses, current year	16,426						16,426						
6. Net healthcare receivables (a)	(87,278)						(87,278)						
7. Amounts recoverable from reinsurers December 31, current year	0												
8. Claim liability December 31, prior year from Part 2A:													
8.1 Direct	722,474	0	0	0	0	0	722,474	0	0	0	0	0	0
8.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
8.3 Reinsurance ceded	150,000	0	0	0	0	0	150,000	0	0	0	0	0	0
8.4 Net	572,474	0	0	0	0	0	572,474	0	0	0	0	0	0
9. Claim reserve December 31, prior year from Part 2D:													
9.1 Direct	0	0	0	0	0	0	0	0	0	0	0	0	0
9.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
9.3 Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
9.4 Net	0	0	0	0	0	0	0	0	0	0	0	0	0
10. Accrued medical incentive pools and bonuses, prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
11. Amounts recoverable from reinsurers December 31, prior year	0	0	0	0	0	0	0	0	0	0	0	0	0
12. Incurred Benefits:													
12.1 Direct	8,370,324	0	0	0	0	0	8,370,324	0	0	0	0	0	0
12.2 Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
12.3 Reinsurance ceded	(103,722)	0	0	0	0	0	(103,722)	0	0	0	0	0	0
12.4 Net	8,474,046	0	0	0	0	0	8,474,046	0	0	0	0	0	0
13. Incurred medical incentive pools and bonuses	46,235	0	0	0	0	0	46,235	0	0	0	0	0	0

(a) Excludes \$ loans or advances to providers not yet expensed.

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2A - Claims Liability End of Current Year													
	1	2	3	4	5	6	7	8	9	10	11	12	13
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefits Plan Premium	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other Health	Other Non-Health
1. Reported in Process of Adjustment:													
1.1. Direct	0												
1.2. Reinsurance assumed	0												
1.3. Reinsurance ceded	0												
1.4. Net	0	0	0	0	0	0	0	0	0	0	0	0	0
2. Incurred but Unreported:													
2.1. Direct	2,863,829						2,863,829						
2.2. Reinsurance assumed	0												
2.3. Reinsurance ceded	0												
2.4. Net	2,863,829	0	0	0	0	0	2,863,829	0	0	0	0	0	0
3. Amounts Withheld from Paid Claims and Capitations:													
3.1. Direct	0												
3.2. Reinsurance assumed	0												
3.3. Reinsurance ceded	0												
3.4. Net	0	0	0	0	0	0	0	0	0	0	0	0	0
4. TOTALS:													
4.1. Direct	2,863,829	0	0	0	0	0	2,863,829	0	0	0	0	0	0
4.2. Reinsurance assumed	0	0	0	0	0	0	0	0	0	0	0	0	0
4.3. Reinsurance ceded	0	0	0	0	0	0	0	0	0	0	0	0	0
4.4. Net	2,863,829	0	0	0	0	0	2,863,829	0	0	0	0	0	0

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2B - ANALYSIS OF CLAIMS UNPAID - PRIOR YEAR - NET OF REINSURANCE

Line of Business	Claims Paid During the Year		Claim Reserve and Claim Liability Dec. 31 of Current Year		5 Claims Incurred in Prior Years (Columns 1 + 3)	6 Estimated Claim Reserve and Claim Liability December 31 of Prior Year
	1 On Claims Incurred Prior to January 1 of Current Year	2 On Claims Incurred During the Year	3 On Claims Unpaid December 31 of Prior Year	4 On Claims Incurred During the Year		
1. Comprehensive (hospital and medical)					0	0
2. Medicare Supplement					0	0
3. Dental Only					0	0
4. Vision Only					0	0
5. Federal Employees Health Benefits Plan Premiums					0	0
6. Title XVIII - Medicare	661,757	5,608,212		2,863,829	661,757	572,474
7. Title XIX - Medicaid					0	0
8. Other health					0	0
9. Health subtotal (Lines 1 to 8)	661,757	5,608,212	0	2,863,829	661,757	572,474
10. Healthcare receivables (a)		87,278			0	
11. Other non-health					0	0
12. Medical incentive pools and bonus amounts		29,809		16,425	0	0
13. Totals (Lines 9 - 10 + 11 + 12)	661,757	5,550,743	0	2,880,254	661,757	572,474

(a) Excludes \$ loans or advances to providers not yet expensed.

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Medicare

Year in Which Losses Were Incurred		Cumulative Net Amounts Paid				
		1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior		.0	.0	.0	.0	
2. 2002		.0				
3. 2003		XXX				
4. 2004		XXX	XXX			
5. 2005		XXX	XXX	XXX		.837
6. 2006		XXX	XXX	XXX	XXX	5.553

Section B - Incurred Health Claims - Medicare

Year in Which Losses Were Incurred		Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
		1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior						
2. 2002						
3. 2003		XXX				
4. 2004		XXX	XXX			
5. 2005		XXX	XXX	XXX	.175	.837
6. 2006		XXX	XXX	XXX	XXX	9.125

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Medicare

Years in which Premiums were Earned and Claims were Incurred	1 Premiums Earned	2 Claims Payments	3 Claim Adjustment Expense Payments	4 Col. (3/2) Percent	5 Claim and Claim Adjustment Expense Payments (Col. 2+3)	6 Col. (5/1) Percent	7 Claims Unpaid	8 Unpaid Claims Adjustment Expenses	9 Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	10 Col. (9/1) Percent
1. 2002	.0	.0		0.0	.0	0.0			.0	0.0
2. 2003	.0	.0		0.0	.0	0.0			.0	0.0
3. 2004	.0	.0	.0	0.0	.0	0.0			.0	0.0
4. 2005	.815	.837	.2	0.2	.839	103.0	.0	.0	.839	103.0
5. 2006	8.896	5.553		0.0	5.553	62.4	2.880	27	8.461	95.1

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 2C - DEVELOPMENT OF PAID AND INCURRED HEALTH CLAIMS
(000 Omitted)

Section A - Paid Health Claims - Grand Total

	Cumulative Net Amounts Paid				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior	.0	.0	.0	.0	.0
2. 2002	.0	.0	.0	.0	.0
3. 2003	XXX	.0	.0	.0	.0
4. 2004	XXX	.0	.0	.0	.0
5. 2005	XXX	XXX	.0	.0	.0
6. 2006	XXX	XXX	XXX	.175	.837
			XXX	XXX	5.553

Section B - Incurred Health Claims - Grand Total

	Sum of Cumulative Net Amount Paid and Claim Liability, Claim Reserve and Medical Incentive Pool and Bonuses Outstanding at End of Year				
	1 2002	2 2003	3 2004	4 2005	5 2006
1. Prior	.0	.0	.0	.0	.0
2. 2002	.0	.0	.0	.0	.0
3. 2003	XXX	.0	.0	.0	.0
4. 2004	XXX	XXX	.0	.0	.0
5. 2005	XXX	XXX	XXX	.175	.837
6. 2006	XXX	XXX	XXX	XXX	9.125

Section C – Incurred Year Health Claims and Claims Adjustment Expense Ratio – Grand Total

Years in which Premiums were Earned and Claims were Incurred	1	2	3	4	5	6	7	8	9	10
	Premiums Earned	Claims Payments	Claim Adjustment Expense Payments	Col. (3/2) Percent	Claim and Claim Adjustment Expense Payments (Col. 2+3)	Col. (5/1) Percent	Claims Unpaid	Unpaid Claims Adjustment Expenses	Total Claims and Claims Adjustment Expense Incurred (Col. 5+7+8)	Col. (9/1) Percent
1. 2002	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
2. 2003	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
3. 2004	.0	.0	.0	0.0	.0	0.0	.0	.0	.0	0.0
4. 2005	815	.837	.2	0.2	839	103.0	.0	.0	839	103.0
5. 2006	8,896	5,553	0	0.0	5,553	62.4	2,880	27	8,461	95.1

UNDERWRITING AND INVESTMENT EXHIBIT

PART 2D - AGGREGATE RESERVE FOR ACCIDENT AND HEALTH CONTRACTS ONLY

	1	2	3	4	5	6	7	8	9	10	11	12
	Total	Comprehensive (Hospital & Medical)	Medicare Supplement	Dental Only	Vision Only	Federal Employees Health Benefit Plan	Title XVIII Medicare	Title XIX Medicaid	Stop Loss	Disability Income	Long-Term Care	Other
POLICY RESERVE												
1. Unearned premium reserves.....	.0											
2. Additional policy reserves (a).....	.0											
3. Reserve for future contingent benefits.....	.0											
4. Reserve for rate credits or experience rating refunds (including \$ for investment income).....	.0											
5. Aggregate write-ins for other policy reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
6. Totals (Gross).....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
7. Reinsurance ceded.....	.0											
8. Totals (Net) (Page 3, Line 4).....	0	0	0	0	0	0	0	0	0	0	0	0

CLAIM RESERVE

9. Present value of amounts not yet due on claims.....	.0											
10. Reserve for future contingent benefits.....	.0											
11. Aggregate write-ins for other claim reserves.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
12. Totals (Gross).....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
13. Reinsurance ceded.....	.0											
14. Totals (Net) (Page 3, Line 7).....	0	0	0	0	0	0	0	0	0	0	0	0
DETAILS OF WRITE-INS												
0501.												
0502.												
0503.												
0598. Summary of remaining write-ins for Line 5 from overflow page.....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0
0599. TOTALS (Lines 0501 through 0503 plus 0598) (Line 5 above).....	0	0	0	0	0	0	0	0	0	0	0	0
1101.												
1102.												
1103.												
1198. Summary of remaining write-ins for Line 11 from overflow page.....												
1199. TOTALS (Lines 1101 through 1103 plus 1198) (Line 11 above).....	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0	.0

(a) Includes \$ premium deficiency reserve.

STATEMENT AS OF ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

UNDERWRITING AND INVESTMENT EXHIBIT
PART 3 - ANALYSIS OF EXPENSES

	Claim Adjustment Expenses		3 General Administrative Expenses	4 Investment Expenses	5 Total
	1 Cost Containment Expenses	2 Other Claim Adjustment Expenses			
1. Rent (\$for occupancy of own building).....			5,968		5,968
2. Salaries, wages and other benefits.....			60,013		60,013
3. Commissions (less \$ceded plus \$assumed.....					0
4. Legal fees and expenses.....			7,700		7,700
5. Certifications and accreditation fees.....					0
6. Auditing, actuarial and other consulting services.....			12,490		12,490
7. Traveling expenses.....			16,885		16,885
8. Marketing and advertising.....			11,852		11,852
9. Postage, express and telephone.....					0
10. Printing and office supplies.....			2,432		2,432
11. Occupancy, depreciation and amortization.....					0
12. Equipment.....			2,431		2,431
13. Cost or depreciation of EDP equipment and software.....					0
14. Outsourced services including EDP, claims, and other services.....		26,971	12,490		39,461
15. Boards, bureaus and association fees.....					0
16. Insurance, except on real estate.....			2,431		2,431
17. Collection and bank service charges.....					0
18. Group service and administration fees.....					0
19. Reimbursements by uninsured plans.....					0
20. Reimbursements from fiscal intermediaries.....					0
21. Real estate expenses.....					0
22. Real estate taxes.....					0
23. Taxes, licenses and fees:					
23.1 State and local insurance taxes.....			96,162		96,162
23.2 State premium taxes.....					0
23.3 Regulatory authority licenses and fees.....					0
23.4 Payroll taxes.....			10,591		10,591
23.5 Other (excluding federal income and real estate taxes).....					0
24. Investment expenses not included elsewhere.....					0
25. Aggregate write-ins for expenses.....	0	0	0	0	0
26. Total expenses incurred (Lines 1 to 25).....	0	26,971	241,445	0	(a) 268,416
27. Less expenses unpaid December 31, current year.....		26,971	30,265		57,236
28. Add expenses unpaid December 31, prior year.....	1,000	0	46,496	0	47,496
29. Amounts receivable relating to uninsured plans, prior year.....	0	0	0	0	0
30. Amounts receivable relating to uninsured plans, current year.....					0
31. Total expenses paid (Lines 26 minus 27 plus 28 minus 29 plus 30)	1,000	0	257,676	0	258,676
DETAIL OF WRITE-INS					
2501.					
2502.					
2503.					
2598. Summary of remaining write-ins for Line 25 from overflow page.....	0	0	0	0	0
2599. Totals (Line 2501 through 2503 plus 2598)(Line 25 above)	0	0	0	0	0

(a) Includes management fees of \$145,284 to affiliates and \$to non-affiliates.

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

EXHIBIT OF NET INVESTMENT INCOME

		1	2
		Collected During Year	Earned During Year
1.	U.S. Government bonds	(a) .....19,055	.....27,512
1.1	Bonds exempt from U.S. tax	(a) .....	.....
1.2	Other bonds (unaffiliated)	(a) .....	.....
1.3	Bonds of affiliates	(a) .....	.....
2.1	Preferred stocks (unaffiliated)	(b) .....	.....
2.11	Preferred stocks of affiliates	(b) .....	.....
2.2	Common stocks (unaffiliated) .....	.....719	.....719
2.21	Common stocks of affiliates .....	.....	.....
3.	Mortgage loans	(c) .....	.....
4.	Real estate	(d) .....	.....
5.	Contract loans .....	.....	.....
6.	Cash, cash equivalents and short-term investments	(e) .....45,319	.....61,169
7.	Derivative instruments	(f) .....	.....
8.	Other invested assets .....	.....	.....
9.	Aggregate write-ins for investment income .....	.....0	.....0
10.	Total gross investment income	65,093	89,400
11.	Investment expenses		(g)
12.	Investment taxes, licenses and fees, excluding federal income taxes		(g)
13.	Interest expense		(h)
14.	Depreciation on real estate and other invested assets		(i)
15.	Aggregate write-ins for deductions from investment income .....		.....0
16.	Total (Lines 11 through 15) .....		.....0
17.	Net Investment Income - (Line 10 minus Line 16)		89,400
DETAILS OF WRITE-INS			
0901.	.....	.....	.....
0902.	.....	.....	.....
0903.	.....	.....	.....
0998.	Summary of remaining write-ins for Line 9 from overflow page .....	.....0	.....0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0
1501.	.....	
1502.	.....	
1503.	.....	
1598.	Summary of remaining write-ins for Line 15 from overflow page .....		.....0
1599.	Total (Lines 1501 through 1503 plus 1598) (Line 15, above)		0

(a) Includes \$4,755 accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(b) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued dividends on purchases.
(c) Includes \$ accrual of discount less \$ amortization of premium and less \$ paid for accrued interest on purchases.
(d) Includes \$ for company's occupancy of its own buildings; and excludes \$ interest on encumbrances.
(e) Includes \$12,160 accrual of discount less \$ amortization of premium and less \$5,032 paid for accrued interest on purchases.
(f) Includes \$ accrual of discount less \$ amortization of premium.
(g) Includes \$ investment expenses and \$ investment taxes, licenses and fees, excluding federal income taxes, attributable to segregated and Separate Accounts.
(h) Includes \$ interest on surplus notes and \$ interest on capital notes.
(i) Includes \$ depreciation on real estate and \$ depreciation on other invested assets.

EXHIBIT OF CAPITAL GAINS (LOSSES)

		1	2	3	4
		Realized Gain (Loss) On Sales or Maturity	Other Realized Adjustments	Unrealized Increases (Decreases) by Adjustment	Total
1.	U.S. Government bonds				0
1.1	Bonds exempt from U.S. tax				0
1.2	Other bonds (unaffiliated)				0
1.3	Bonds of affiliates		0	0	0
2.1	Preferred stocks (unaffiliated)				0
2.11	Preferred stocks of affiliates		0	0	0
2.2	Common stocks (unaffiliated)				0
2.21	Common stocks of affiliates	0	0	0	0
3.	Mortgage loans				0
4.	Real estate				0
5.	Contract loans				0
6.	Cash, cash equivalents and short-term investments				0
7.	Derivative instruments				0
8.	Other invested assets				0
9.	Aggregate write-ins for capital gains (losses)	0	0	0	0
10.	Total capital gains (losses)	0	0	0	0
DETAILS OF WRITE-INS					
0901.	.....			
0902.	.....			
0903.	.....			
0998.	Summary of remaining write-ins for Line 9 from overflow page	0	0	0	0
0999.	Totals (Lines 0901 through 0903 plus 0998) (Line 9, above)	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

EXHIBIT OF NONADMITTED ASSETS

	1	2	3
	Current Year Total Nonadmitted Assets	Prior Year Nonadmitted Assets	Change in Total Nonadmitted Assets (Col. 2 - Col. 1)
1. Bonds (Schedule D).....	0	0	0
2. Stocks (Schedule D):			
2.1 Preferred stocks	0	0	0
2.2 Common stocks	0	0	0
3. Mortgage loans on real estate (Schedule B):			
3.1 First liens	0	0	0
3.2 Other than first liens	0	0	0
4. Real estate (Schedule A):			
4.1 Properties occupied by the company	0	0	0
4.2 Properties held for the production of income.....	0	0	0
4.3 Properties held for sale	0	0	0
5. Cash, (Schedule-E, Part 1), cash equivalents (Schedule-E, Part 2) and short-term investments (Schedule DA).....	0	0	0
6. Contract loans	0	0	0
7. Other invested assets (Schedule BA)	0	0	0
8. Receivables for securities	0	0	0
9. Aggregate write-ins for invested assets	0	0	0
10. Subtotals, cash and invested assets (Lines 1 to 9)	0	0	0
11. Title plants (for Title insurers only).....	0	0	0
12. Investment income due and accrued	0	0	0
13. Premiums and considerations:			
13.1 Uncollected premiums and agents' balances in the course of collection	0	0	0
13.2 Deferred premiums, agents' balances and installments booked but deferred and not yet due.....	0	0	0
13.3 Accrued retrospective premium.....	0	0	0
14. Reinsurance:			
14.1 Amounts recoverable from reinsurers	0	0	0
14.2 Funds held by or deposited with reinsured companies	0	0	0
14.3 Other amounts receivable under reinsurance contracts	0	0	0
15. Amounts receivable relating to uninsured plans	0	0	0
16.1 Current federal and foreign income tax recoverable and interest thereon	0	0	0
16.2 Net deferred tax asset.....	4,886	0	(4,886)
17. Guaranty funds receivable or on deposit	0	0	0
18. Electronic data processing equipment and software	0	0	0
19. Furniture and equipment, including health care delivery assets	0	0	0
20. Net adjustment in assets and liabilities due to foreign exchange rates	0	0	0
21. Receivables from parent, subsidiaries and affiliates	0	0	0
22. Health care and other amounts receivable.....	87,278	0	(87,278)
23. Aggregate write-ins for other than invested assets	0	0	0
24. Total assets excluding Separate Accounts, Segregated Accounts and Protected Cell Accounts (Lines 10 to 23).....	92,164	0	(92,164)
25. From Separate Accounts, Segregated Accounts and Protected Cell Accounts.....	0	0	0
26. Total (Lines 24 and 25)	92,164	0	(92,164)
DETAILS OF WRITE-INS			
0901.			
0902.			
0903.			
0998. Summary of remaining write-ins for Line 9 from overflow page	0	0	0
0999. Totals (Lines 0901 through 0903 plus 0998)(Line 9 above)	0	0	0
2301.			
2302.			
2303.			
2398. Summary of remaining write-ins for Line 23 from overflow page	0	0	0
2399. Totals (Lines 2301 through 2303 plus 2398)(Line 23 above)	0	0	0

EXHIBIT 1 - ENROLLMENT BY PRODUCT TYPE FOR HEALTH BUSINESS ONLY

Source of Enrollment	Total Members at End of				Current Year Member Months
	1 Prior Year	2 First Quarter	3 Second Quarter	4 Third Quarter	
1. Health Maintenance Organizations.....	192	251	294	488	4,739
2. Provider Service Organizations.....	0				
3. Preferred Provider Organizations.....	0				
4. Point of Service.....	0				
5. Indemnity Only.....	0				
6. Aggregate write-ins for other lines of business	0	0	0	0	0
7. Total	192	251	294	488	4,739
DETAILS OF WRITE-INS					
0601.					
0602.					
0603.					
0698. Summary of remaining write-ins for Line 6 from overflow page.....	0	0	0	0	0
0699. Totals (Lines 0601 through 0603 plus 0698) (Line 6 above)	0	0	0	0	0

NOTES TO FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

A. Accounting Practices

The financial statements of Fidelis SecureCare of Michigan Inc. are presented on the basis of accounting practices prescribed or permitted by the State of Michigan Department of Insurance.

Fidelis SecureCare of Michigan Inc is licensed and domiciled as a Health Maintenance Organization in the State of Michigan. The company is authorized to write Medicare business as a Medicare Advantage plan. The State of Michigan Department of Insurance recognizes only statutory accounting practices prescribed or permitted by the State of Michigan for determining and reporting the financial condition and results of operations of a Health Maintenance Organization, for determining its solvency under the Michigan Insurance Law. The National Association of Insurance Commissioners’ (NAIC) *Accounting Practices and Procedures Manual*, (NAIC SAP) has been adopted as a component of prescribed or permitted practices by the state of Michigan. In NAIC SAP, some assets, such as prepaid expenses are not admitted. The Commissioner of Insurance has the right to permit other specific practices that deviate from prescribed practices.

Cash and Cash Equivalents – Cash and cash equivalents include highly liquid investments that are both readily convertible to known amounts of cash, and so near to their maturity that they present insignificant risk of changes in value because of changes in interest rates. Cash also includes savings accounts, and certificates of deposits with original maturities of three months or less.

Short Term Investments – Short term investments include investments with remaining maturities of one year or less at the time of acquisition.

Bonds – Investments in bonds are carried at amortized cost. The fair value below is based upon market values provided by an external investment value provider. The amortized cost and estimated fair value of bonds as of December 31, 2006 are as follows:

	<u>Amortized Cost</u>	<u>Unrealized Gain(Loss)</u>	<u>Fair Value</u>
U.S. Gov’t. obligations	<u>\$544,762</u>	<u>\$1,984</u>	<u>\$546,746</u>

The statutory carrying value and the fair value of the bonds at December 31, 2006, by stated maturity, are shown below. These bonds are held in trust as required to be deposited in restricted accounts for member’s protection pursuant to federal and state regulatory requirements.

	<u>Amortized Cost</u>	<u>Unrealized Gain(Loss)</u>	<u>Fair Value</u>
Due in One Year or less	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>
Due in one through five yrs	<u>\$544,762</u>	<u>\$1,984</u>	<u>\$546,746</u>
Due in over five years	<u>\$0</u>	<u>\$0</u>	<u>\$0</u>

In December 2003, the Emerging Issues Task Force (“EITF”) issued EITF 03-1, The Meaning of Other-Than-Temporary Impairment and Its Application to Certain Investments. EITF 03-1 specifies certain quantitative and qualitative disclosures for debt and marketable equity securities classified as available for sale or held-to maturity and where costs exceeds market value at the balance sheet date but for which an other-than-temporary impairment has not been recognized. As of December 31, 2006 the fair value of securities, \$546,746 exceeded its book value (amortized cost) by \$1,984 for US governments due to mature between one and five years from balance sheet date. The fair value of this instrument as of December 31, 2006 is \$544,762. Given the characteristics of the security, management believes that the carrying amount of the security is recoverable as of December 31, 2006.

B. Use of Estimates in the Preparation of the Financial Statements

The preparation of financial statements in conformity with Statutory Accounting Principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities. It also requires disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Actual results could differ from those estimates.

C. Accounting Policy

Health premiums are earned monthly over the terms of the related insurance contracts or policies. Expenses incurred in connection with acquiring new insurance business, including acquisition costs such as sales commissions, are charged to operations as incurred.

The amount of dividends to be paid to policyholders is determined annually by the Company’s Board of Directors. The aggregate amount of policyholders’ dividends is related to actual interest, mortality, morbidity, and expense experience for the year and judgment as to the appropriate level of statutory surplus to be retained by the Company.

NOTES TO FINANCIAL STATEMENTS

In addition, the company uses the following accounting policies:

- (1) Short-term investments are stated at amortized cost.
- (2) Common Stocks at market except that investments in stocks of uncombined subsidiaries and affiliates in which the Company has an interest of 10 % or more (per SSAP 88) are carried on the equity basis. Bonds not backed by other loans are stated at amortized cost using the constant yield interest method.
- (3) The Company anticipates investment income as a factor in the premium deficiency calculation,.
- (4) Unpaid losses and loss adjustment expenses include an amount determined from individual case estimates and loss reports and an amount, based on past experience, for losses incurred but not reported. Such liabilities are necessarily based on assumptions and estimates and while management believes the amount is adequate, the ultimate liability may be in excess of or less than the amount provided. The methods for making such estimates and for establishing the resulting liability are continually reviewed and any adjustments are reflected in the period determined.
- (5) The Company has not modified its capitalization policy from the prior period.

2. Accounting Changes and Corrections of Errors

Not Applicable

3. Business Combinations and Goodwill

Not Applicable

4. Discontinued Operations

Not Applicable

5. Investments

See Note 1

6. Joint Ventures, Partnerships and Limited Liability Companies

The Company has no investments in Joint Ventures, Partnerships or Limited Liability Companies.

7. Investment Income

Investment income includes interest and dividend income due and unpaid on bonds and short term investments. All amounts have been admitted at 12/31/2006.

8. Derivative Instruments

Not applicable

9. Income Taxes

3. Fidelis SecureCare of Michigan Inc files consolidated Federal Tax returns with its parent, Fidelis SenioreCare Inc. Two affiliated companies, Fidelis SecureCare of Colorado Inc and Fidelis SecureCare of Michigan Inc also file in that consolidated tax return. Subsidiary federal tax liability shall be paid to the parent company and filed as part of a consolidated federal tax return. The group's consolidated federal tax liability shall be apportioned for purposes of computing earnings and profits in accordance with the method provided in Section 1552(a)(1) of the Code and Regulations Section 1.1552-1(a)(1). The group's unitary tax liability shall be apportioned for tax purposes in accordance with the requirements of applicable state law, or, if none, as reasonably determined by Fidelis.

A. There is a Deferred Tax Asset of \$4,886 as of December 31, 2006. This asset is non-admissible for statutory reporting.

B. There are no deferred tax liabilities reported as of December 31, 2006. This will be incorporated, if applicable in the annual filing in the first year we commence writing business

C. Current income taxes incurred consist of the following components:

Total estimated current Federal taxes payable as of 12/31/2006 are \$0

10. Information Concerning Parent, Subsidiaries and Affiliates

**ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.**

NOTES TO FINANCIAL STATEMENTS

- A. The Company paid no dividends to the Parent Company through December 31, 2006.
- B. At December 31, 2006, Fidelis SecureCare of Michigan reported \$61,610 as amounts due to the Parent Company, Fidelis SeniorCare Inc. These amounts due to the parent are related to one expense item. The parent entity, Fidelis SeniorCare Inc. provides administrative services to the health plan, Fidelis SecureCare of Michigan Inc.. As of December 31, 2006 Fidelis SecureCare of Michigan Inc. owed \$61,610 for these services performed in December of 2006. Fidelis SecureCare of Michigan settles all intercompany transactions with the parent entity within 31 days of the end of fiscal periods.
- C. All outstanding shares of Fidelis SecureCare of Michigan are owned by the Parent Company, Fidelis SeniorCare Inc, an insurance holding company domiciled in the State of Delaware.

11. Debt

Not applicable

12. Retirement Plans, Deferred Compensation, Postemployment Benefits and Compensated Absences and Other Postretirement Benefit Plans

Not applicable

13. Capital and Surplus, Shareholders' Dividend Restrictions and Quasi-Reorganizations

- (1) The Company has 100 shares authorized (.01 par), 100 shares issued and 100 shares outstanding. All shares are Common shares.
- (2) The Company has no preferred stock outstanding.
- (3) All shareholder dividends are paid out of Earned Surplus.
- (4) No extraordinary dividends or other extraordinary distributions to its shareholder until 30 days after the commissioner has received notice of the declaration thereof and has not within such period disapproved such payment within such thirty day period. For purposes of this section, an extraordinary dividend or distribution includes any dividend or distribution of cash or other property, whose fair market value together with that of other dividends or distributions made within the preceding twelve months exceeds the greater of ten percent of such insurer's surplus as regards policyholders as of December 31 next preceding, or the net gain from operations of such insurer, not including realized capital gains, for the twelve-month period ending December 31. Any other provision of law to the contrary notwithstanding, an insurer may declare an extraordinary dividend or distribution which is conditional upon the commissioner's approval thereof, and such a declaration confers no rights upon shareholders until the commissioner has approved the payment of such dividend or distribution or the commissioner has not disapproved such payment within the thirty-day period
- (5) There were no restrictions placed on the Company's surplus, including for whom the surplus is being held.
- (6) The total amount of advances to surplus not repaid is \$0.

14. Contingencies

Not applicable

15. Leases

A. Lessee Operating Lease

- (1) There is no commitment for the Company.
- (2) The company is not involved in any material sales – leaseback transactions.

16. Information About Financial Instruments With Off-Balance Sheet Risk And Financial Instruments With Concentrations of Credit Risk

Not applicable

17. Sale, Transfer and Servicing of Financial Assets and Extinguishments of Liabilities

Not applicable

18. Gain or Loss to the Reporting Entity from Uninsured Plans and the Uninsured Portion of Partially Insured Plans

Not applicable

19. Direct Premium Written/Produced by Managing General Agents/Third Party Administrators

NOTES TO FINANCIAL STATEMENTS

Not applicable

20. September 11 Events

Not applicable

21. Other Items

A. Other Disclosures

Assets with a market value of \$546,966 at December 31, 2006, were on deposit with JP Morgan as custodian in compliance with the Michigan Department of Insurance requirements. This consisted of a Treasury Note, with an amortized cost of \$544,762 and a market value of \$546,746 and \$220 in JP Morgan Federal Money Market.

22. Events Subsequent

Not Applicable.

23. Reinsurance

A. Ceded Reinsurance Report

Section 1 – General Interrogatories

- (1) Are any of the reinsurers, listed in Schedule S as non-affiliated, owned in excess of 10% or controlled, either directly or indirectly, by the company or by any representative, officer, trustee, or director of the company?

Yes () No (X)

If yes, give full details.

- (2) Have any policies issued by the company been reinsured with a company chartered in a country other than the United States (excluding U.S. Branches of such companies) that is owned in excess of 10% or controlled directly or indirectly by an insured, a beneficiary, a creditor or an insured or any other person not primarily engaged in the insurance business?

Yes () No (X)

If yes, give full details.

Section 2 – Ceded Reinsurance Report – Part A

- (1) Does the company have any reinsurance agreements in effect under which the reinsurer may unilaterally cancel any reinsurance for reasons other than for nonpayment of premium or other similar credit?

Yes () No (X)

- a. If yes, what is the estimated amount of the aggregate reduction in surplus of a unilateral cancellation by the reinsurer as of the date of this statement, for those agreements in which cancellation results in a net obligation of the reporting entity to the reinsurer, and for which such obligation is not presently accrued? Where necessary, the reporting entity may consider the current or anticipated experience of the business reinsured in making this estimate \$_____.

- b. What is the total amount of reinsurance credits taken, whether as an asset or as a reduction of liability for these agreements in this statement? \$_____.

- (2) Does the reporting entity have any reinsurance agreements in effect such that the amount of losses paid or accrued through the statement date may result in a payment to the reinsurer of amounts that, in aggregate and allowing for offset of mutual credits from other reinsurance agreements with the same reinsurer, exceed the total direct premium collected under the reinsured policies?

Yes () No (X)

If yes, give full details.

Section 3 – Ceded Reinsurance Report – Part B

NOTES TO FINANCIAL STATEMENTS

- (1) What in the estimated amount of the aggregate reduction in surplus, (for agreements other than those under which the reinsurer may unilaterally cancel for reasons other than for nonpayment of payment or other similar credits that are reflected in Section 2 above) of termination of ALL reinsurance agreements, by either party, as of the date of this statement? Where necessary, the company may consider the current or anticipated experience of the business reinsured in making this estimate. \$ 0
- (2) Have any new agreements been executed or existing agreements amended, since January 1 of the year of this statement, to include policies or contracts that were in force or which had existing reserves established by the company as of the effective date of the agreement?

Yes () No (X)

If yes, what is the amount of reinsurance credits, whether an asset or a reduction of liability, taken for such new agreements or amendments? \$ _____

-

B. Uncollectible Reinsurance

The Company has written off in the current year reinsurance balances due (from the companies listed below) in the amount of: \$ 0, which is reflected as:

(1)	Losses incurred	\$ <u>0</u>
(2)	Loss adjustment expenses incurred	\$ <u>0</u>
(3)	Premiums earned	\$ <u>0</u>
(4)	Other	\$ <u>0</u>

C. Commutation of Ceded Reinsurance

The Company has reported \$0 in its operations in the current year as a result of commutation of reinsurance.

24. Retrospectively Rated Contracts & Contracts Subject to Redetermination

Not applicable

25. Change in Incurred Claims and Claim Adjustment Expenses

Not applicable

26. Intercompany Pooling Arrangements

Not applicable

27. Structured Settlements

Not applicable.

28. Health Care Receivables

Not applicable.

29. Participating Policies

The Company paid dividends in the amount of \$0 to policyholders and did not allocate any additional income to such policyholders.

30. Premium Deficiency Reserves

As of December 31, 2006 the Company had liabilities of \$0 related to premium deficiency reserves. The Company did not consider anticipated investment income when calculating its premium deficiency reserves.

31. Anticipated Salvage and Subrogation

Not applicable

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

SUMMARY INVESTMENT SCHEDULE

Investment Categories	Gross Investment Holdings		Admitted Assets as Reported in the Annual Statement	
	1 Amount	2 Percentage	3 Amount	4 Percentage
1. Bonds:				
1.1 U.S. treasury securities	544,763	11.566	544,763	11.566
1.2 U.S. government agency obligations (excluding mortgage-backed securities):				
1.21 Issued by U.S. government agencies		0.000		0.000
1.22 Issued by U.S. government sponsored agencies		0.000		0.000
1.3 Foreign government (including Canada, excluding mortgaged-backed securities)		0.000		0.000
1.4 Securities issued by states, territories, and possessions and political subdivisions in the U.S.:				
1.41 States, territories and possessions general obligations		0.000		0.000
1.42 Political subdivisions of states, territories and possessions and political subdivisions general obligations		0.000		0.000
1.43 Revenue and assessment obligations		0.000		0.000
1.44 Industrial development and similar obligations		0.000		0.000
1.5 Mortgage-backed securities (includes residential and commercial MBS):				
1.51 Pass-through securities:				
1.511 Issued or guaranteed by GNMA		0.000		0.000
1.512 Issued or guaranteed by FNMA and FHLMC		0.000		0.000
1.513 All other		0.000		0.000
1.52 CMOs and REMICs:				
1.521 Issued or guaranteed by GNMA, FNMA, FHLMC or VA		0.000		0.000
1.522 Issued by non-U.S. Government issuers and collateralized by mortgage-backed securities issued or guaranteed by agencies shown in Line 1.521		0.000		0.000
1.523 All other		0.000		0.000
2. Other debt and other fixed income securities (excluding short-term):				
2.1 Unaffiliated domestic securities (includes credit tenant loans rated by the SVO)		0.000		0.000
2.2 Unaffiliated foreign securities		0.000		0.000
2.3 Affiliated securities		0.000		0.000
3. Equity interests:				
3.1 Investments in mutual funds		0.000		0.000
3.2 Preferred stocks:				
3.21 Affiliated		0.000		0.000
3.22 Unaffiliated		0.000		0.000
3.3 Publicly traded equity securities (excluding preferred stocks):				
3.31 Affiliated		0.000		0.000
3.32 Unaffiliated		0.000		0.000
3.4 Other equity securities:				
3.41 Affiliated		0.000		0.000
3.42 Unaffiliated		0.000		0.000
3.5 Other equity interests including tangible personal property under lease:				
3.51 Affiliated		0.000		0.000
3.52 Unaffiliated		0.000		0.000
4. Mortgage loans:				
4.1 Construction and land development		0.000		0.000
4.2 Agricultural		0.000		0.000
4.3 Single family residential properties		0.000		0.000
4.4 Multifamily residential properties		0.000		0.000
4.5 Commercial loans		0.000		0.000
4.6 Mezzanine real estate loans		0.000		0.000
5. Real estate investments:				
5.1 Property occupied by the company		0.000	0	0.000
5.2 Property held for the production of income (including \$of property acquired in satisfaction of debt)		0.000	0	0.000
5.3 Property held for sale (including \$ property acquired in satisfaction of debt)		0.000	0	0.000
6. Contract loans		0.000	0	0.000
7. Receivables for securities		0.000	0	0.000
8. Cash, cash equivalents and short-term investments	4,165,476	88.434	4,165,476	88.434
9. Other invested assets		0.000		0.000
10. Total invested assets	4,710,239	100.000	4,710,239	100.000

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

GENERAL INTERROGATORIES

PART 1 - COMMON INTERROGATORIES

GENERAL

- 1.1

Is the reporting entity a member of an Insurance Holding Company System consisting of two or more affiliated persons, one or more of which is an insurer?

Yes [X] No []
- 1.2

If yes, did the reporting entity register and file with its domiciliary State Insurance Commissioner, Director or Superintendent, or with such regulatory official of the state of domicile of the principal insurer in the Holding Company System, a registration statement providing disclosure substantially similar to the standards adopted by the National Association of Insurance Commissioners (NAIC) in its Model Insurance Holding Company System Regulatory Act and model regulations pertaining thereto, or is the reporting entity subject to standards and disclosure requirements substantially similar to those required by such Act and regulations?

Yes [X] No [] NA []
- 1.3

State Regulating?

Michigan
- 2.1

Has any change been made during the year of this statement in the charter, by-laws, articles of incorporation, or deed of settlement of the reporting entity?

Yes [] No [X]
- 2.2

If yes, date of change:
- 3.1

State as of what date the latest financial examination of the reporting entity was made or is being made.
- 3.2

State the as of date that the latest financial examination report became available from either the state of domicile or the reporting entity. This date should be the date of the examined balance sheet and not the date the report was completed or released.
- 3.3

State as of what date the latest financial examination report became available to other states or the public from either the state of domicile or the reporting entity. This is the release date or completion date of the examination report and not the date of the examination (balance sheet date).
- 3.4

By what department or departments?
- 4.1

During the period covered by this statement, did any agent, broker, sales representative, non-affiliated sales/service organization or any combination thereof under common control (other than salaried employees of the reporting entity), receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.11

sales of new business?

Yes [] No [X]
- 4.12

renewals?

Yes [] No [X]
- 4.2

During the period covered by this statement, did any sales/service organization owned in whole or in part by the reporting entity or an affiliate, receive credit or commissions for or control a substantial part (more than 20 percent of any major line of business measured on direct premiums) of:
- 4.21

sales of new business?

Yes [] No [X]
- 4.22

renewals?

Yes [] No [X]
- 5.1

Has the reporting entity been a party to a merger or consolidation during the period covered by this statement?

Yes [] No [X]
- 5.2

If yes, provide the name of the entity, NAIC Company Code, and state of domicile (use two letter state abbreviation) for any entity that has ceased to exist as a result of the merger or consolidation.

1 Name of Entity	2 NAIC Company Code	3 State of Domicile

- 6.1

Has the reporting entity had any Certificates of Authority, licenses or registrations (including corporate registration, if applicable) suspended or revoked by any governmental entity during the reporting period?

Yes [] No [X]
- 6.2

If yes, give full information
- 7.1

Does any foreign (non-United States) person or entity directly or indirectly control 10% or more of the reporting entity?

Yes [] No [X]
- 7.2

If yes,
- 7.21

State the percentage of foreign control;
- 7.22

State the nationality(s) of the foreign person(s) or entity(s) or if the entity is a mutual or reciprocal, the nationality of its manager or attorney in fact; and identify the type of entity(s) (e.g., individual, corporation or government, manager or attorney in fact).

1 Nationality	2 Type of Entity

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

GENERAL INTERROGATORIES

- 8.1

Is the company a subsidiary of a bank holding company regulated by the Federal Reserve Board?

Yes [] No [X]
- 8.2

If response to 8.1 is yes, please identify the name of the bank holding company.
- 8.3

Is the company affiliated with one or more banks, thrifts or securities firms?

Yes [] No [X]
- 8.4

If response to 8.3 is yes, please provide the names and location (city and state of the main office) of any affiliates regulated by a federal financial regulatory services agency [i.e. the Federal Reserve Board (FRB), the Office of the Comptroller of the Currency (OCC), the Office of Thrift Supervision (OTS), the Federal Deposit Insurance Corporation (FDIC) and the Securities Exchange Commission (SEC) and identify the affiliate's primary federal regulator.]

1	2	3	4	5	6	7
Affiliate Name	Location (City, State)	FRB	OCC	OTS	FDIC	SEC

9.

What is the name and address of the independent certified public accountant or accounting firm retained to conduct the annual audit?

Deloitte and Touche 111 S Wacker Chicago IL 60606
10.

What is the name, address and affiliation (officer/employee of the reporting entity or actuary/consultant associated with an actuarial consulting firm) of the individual providing the statement of actuarial opinion/certification?

Larry Pfannerstill Milliman Consultants and Actuaries Brookfield WI
- 11.1

Does the reporting entity own any securities of a real estate holding company or otherwise hold real estate indirectly?

Yes [] No [X]

11.11

Name of real estate holding company

11.12

Number of parcels involved

11.13

Total book/adjusted carrying value

\$
- 11.2

If yes, provide explanation
12.

FOR UNITED STATES BRANCHES OF ALIEN REPORTING ENTITIES ONLY:
- 12.1

What changes have been made during the year in the United States Manager or the United States Trustees of the reporting entity?
- 12.2

Does this statement contain all business transacted for the reporting entity through its United States Branch on risks wherever located?

Yes [] No [X]
- 12.3

Have there been any changes made to any of the trust indentures during the year?

Yes [] No [X]
- 12.4

If answer to (12.3) is yes, has the domiciliary or entry state approved the changes?

Yes [] No [] NA [X]

BOARD OF DIRECTORS

13.

Is the purchase or sale of all investments of the reporting entity passed upon either by the board of directors or a subordinate committee thereof?

Yes [X] No []
14.

Does the reporting entity keep a complete permanent record of the proceedings of its board of directors and all subordinate committees thereof?

Yes [X] No []
15.

Has the reporting entity an established procedure for disclosure to its board of directors or trustees of any material interest or affiliation on the part of any of its officers, directors, trustees or responsible employees that is in conflict or likely to conflict with the official duties of such person?

Yes [X] No []

FINANCIAL

- 16.1

Total amount loaned during the year (inclusive of Separate Accounts, exclusive of policy loans):

16.11

To directors or other officers

\$

0

16.12

To stockholders not officers

\$

0

16.13

Trustees, supreme or grand (Fraternal only)

\$

0
- 16.2

Total amount of loans outstanding at end of year (inclusive of Separate Accounts, exclusive of policy loans):

16.21

To directors or other officers

\$

0

16.22

To stockholders not officers

\$

0

16.23

Trustees, supreme or grand (Fraternal only)

\$

0
- 17.1

Were any of the assets reported in this statement subject to a contractual obligation to transfer to another party without the liability for such obligation being reported in this statement?

Yes [] No [X]
- 17.2

If yes, state the amount thereof at December 31 of the current year:

17.21

Rented from others

\$

0

17.22

Borrowed from others

\$

0

17.23

Leased from others

\$

0

17.24

Other

\$

0
- 18.1

Does this statement include payments for assessments as described in the *Annual Statement Instructions* other than guaranty fund or guaranty association assessments?

Yes [] No [X]
- 18.2

If answer is yes,

18.21

Amount paid as losses or risk adjustment

\$

0

18.22

Amount paid as expenses

\$

0

18.23

Other amounts paid

\$

0
- 19.1

Does the reporting entity report any amounts due from the parent, subsidiaries or affiliates on Page 2 of this statement?

Yes [] No [X]
- 19.2

If yes, indicated any amounts receivable from parent included in the Page 2 amount:

\$

0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

GENERAL INTERROGATORIES
INVESTMENT

20.1 Were all the stocks, bonds and other securities owned December 31 of current year, over which the reporting entity has exclusive control, in the actual possession of the reporting entity on said date, except as shown by Schedule E - Part 3 - Special Deposits? Yes [X] No []

20.2 If no, give full and complete information relating thereto:

21.1 Were any of the stocks, bonds or other assets of the reporting entity owned at December 31 of the current year not exclusively under the control of the reporting entity, except as shown on the Schedule E - Part 3 - Special Deposits, or has the reporting entity sold or transferred any assets subject to a put option contract that is currently in force? (Exclude securities subject to Interrogatory 17.1) Yes [] No [X]

21.2 If yes, state the amount thereof at December 31 of the current year:

21.21

Loaned to others

\$

0

21.22

Subject to repurchase agreements

\$

0

21.23

Subject to reverse repurchase agreements

\$

0

21.24

Subject to dollar repurchase agreements

\$

0

21.25

Subject to reverse dollar repurchase agreements

\$

0

21.26

Pledged as collateral

\$

0

21.27

Placed under option agreements

\$

0

21.28

Letter stock or other securities restricted as to sale ...

\$

0

21.29

Other

\$

0

21.3 For category (21.28) provide the following:

1 Nature of Restriction	2 Description	3 Amount
.....
.....
.....
.....

22.1 Does the reporting entity have any hedging transactions reported on Schedule DB? Yes [] No [X]

22.2 If yes, has a comprehensive description of the hedging program been made available to the domiciliary state? Yes [] No [] NA [X]
If no, attach a description with this statement.

23.1 Were any preferred stocks or bonds owned as of December 31 of the current year mandatorily convertible into equity, or, at the option of the issuer, convertible into equity? Yes [] No [X]

23.2 If yes, state the amount thereof at December 31 of the current year. \$.....

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

GENERAL INTERROGATORIES

24. Excluding items in Schedule E, real estate, mortgage loans and investments held physically in the reporting entity's offices, vaults or safety deposit boxes, were all stocks, bonds and other securities, owned throughout the current year held pursuant to a custodial agreement with a qualified bank or trust company in accordance with Part 1 – General, Section IV.H-Custodial or Safekeeping Agreements of the NAIC Financial Condition Examiners Handbook? Yes [X] No []

24.01 For agreements that comply with the requirements of the NAIC Financial Condition Examiners Handbook, complete the following:

¹ Name of Custodian(s)	² Custodian's Address
JP Morgan.....	1 Chase Manhattan Plaza New York NY 10005-1489.....

24.02 For all agreements that do not comply with the requirements of the NAIC Financial Condition Examiners Handbook, provide the name, location and a complete explanation:

¹ Name(s)	² Location(s)	² Complete Explanation(s)
.....
.....

24.03 Have there been any changes, including name changes, in the custodian(s) identified in 24.01 during the current year? Yes [] No [X]

24.04 If yes, give full and complete information relating thereto:

¹ Old Custodian	² New Custodian	³ Date of Change	⁴ Reason
.....
.....

24.05 Identify all investment advisors, brokers/dealers or individuals acting on behalf of broker/dealers that have access to the investment accounts, handle securities and have authority to make investments on behalf of the reporting entity:

¹ Central Registration Depository Number(s)	² Name	² Address
.....

25.1 Does the reporting entity have any diversified mutual funds reported in Schedule D, Part 2 (diversified according to the Securities and Exchange Commission (SEC) in the Investment Company Act of 1940 [Section 5 (b) (1)])?..... Yes [X] No []

25.2 If yes, complete the following schedule:

¹ CUSIP #	² Name of Mutual Fund	³ Book/Adjusted Carrying Value
25.2001. 928989-47-4.....	JP Morgan Federal Money Market.....	220
25.2999 TOTAL		220

25.3 For each mutual fund listed in the table above, complete the following schedule:

¹ Name of Mutual Fund (from above table)	² Name of Significant Holding Of the Mutual Fund	³ Amount of Mutual Fund's Book/Adjusted Carrying Value Attributable to the Holding	⁴ Date of Valuation
JP Morgan Federal Money Market	US..Treasuries.....	220	12/31/2006.....
.....

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

GENERAL INTERROGATORIES

26. Provide the following information for all short-term and long-term bonds and all preferred stocks. Do not substitute amortized value or statement value for fair value.

	1	2	3
	Statement (Admitted) Value	Fair Value	Excess of Statement over Fair Value (-) or Fair Value over Statement (+)
26.1 Bonds.....	844,982		(844,982)
26.2 Preferred stocks.....	0		0
26.3 Totals	844,982	0	(844,982)

26.4 Describe the sources or methods utilized in determining fair values:

Third Party Valuation.....

27.1 Have all the filing requirements of the *Purposes and Procedures Manual* of the NAIC Securities Valuation Office been followed? Yes [X] No []

27.2 If no, list the exceptions:

OTHER

28.1 Amount of payments to trade associations, service organizations and statistical or rating bureaus, if any?.....\$0

28.2 List the name of the organization and the amount paid if any such payment represented 25% or more of the total payments to trade associations, service organizations and statistical or rating bureaus during the period covered by this statement.

1 Name	2 Amount Paid
.....	
.....	
.....	

29.1 Amount of payments for legal expenses, if any?.....\$7,700

29.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payments for legal expenses during the period covered by this statement.

1 Name	2 Amount Paid
.....	
.....	
.....	

30.1 Amount of payments for expenditures in connection with matters before legislative bodies, officers or departments of government, if any?.....\$0

30.2 List the name of the firm and the amount paid if any such payment represented 25% or more of the total payment expenditures in connection with matters before legislative bodies, officers or departments of government during the period covered by this statement.

1 Name	2 Amount Paid
.....	
.....	
.....	

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

GENERAL INTERROGATORIES

PART 2 - HEALTH INTERROGATORIES

1.1

Does the reporting entity have any direct Medicare Supplement Insurance in force?

Yes [] No [X]

1.2

If yes, indicate premium earned on U. S. business only

\$.0

1.3

What portion of Item (1.2) is not reported on the Medicare Supplement Insurance Experience Exhibit?

\$.0

1.31

Reason for excluding

1.4

Indicate amount of earned premium attributable to Canadian and/or Other Alien not included in Item (1.2) above.

\$.0

1.5

Indicate total incurred claims on all Medicare Supplement insurance.

\$.0

1.6

Individual policies:

Most current three years:

1.61

Total premium earned

\$.0

1.62

Total incurred claims

\$.0

1.63

Number of covered lives

.0

All years prior to most current three years:

1.64

Total premium earned

\$.0

1.65

Total incurred claims

\$.0

1.66

Number of covered lives

.0

1.7

Group policies:

Most current three years:

1.71

Total premium earned

\$.0

1.72

Total incurred claims

\$.0

1.73

Number of covered lives

.0

All years prior to most current three years:

1.74

Total premium earned

\$.0

1.75

Total incurred claims

\$.0

1.76

Number of covered lives

.0

2.

Health Test:

1

Current Year

2

Prior Year

2.1

Premium Numerator

\$ 8,895,820

\$ 814,647

2.2

Premium Denominator

\$ 8,756,847

\$ 814,647

2.3

Premium Ratio (2.1/2.2)

1.016

1.000

2.4

Reserve Numerator

\$ 3,565,008

\$.0

2.5

Reserve Denominator

\$ 2,880,255

\$ 572,474

2.6

Reserve Ratio (2.4/2.5)

1.238

0.000

3.1

Has the reporting entity received any endowment or gift from contracting hospitals, physicians, dentists, or others that is agreed will be returned when, as and if the earnings of the reporting entity permits?

Yes [] No [X]

3.2

If yes, give particulars:

4.1

Have copies of all agreements stating the period and nature of hospitals', physicians', and dentists' care offered to subscribers and dependents been filed with the appropriate regulatory agency?

Yes [X] No []

4.2

If not previously filed, furnish herewith a copy(ies) of such agreement(s). Do these agreements include additional benefits offered?

Yes [] No [X]

5.1

Does the reporting entity have stop-loss reinsurance?

Yes [X] No []

5.2

If no, explain:

5.3

Maximum retained risk (see instructions)

5.31

Comprehensive Medical

\$ 87,500

5.32

Medical Only

\$.0

5.33

Medicare Supplement

\$.0

5.34

Dental

\$.0

5.35

Other Limited Benefit Plan

\$.0

5.36

Other

\$.0

6.

Describe arrangement which the reporting entity may have to protect subscribers and their dependents against the risk of insolvency including hold harmless provisions, conversion privileges with other carriers, agreements with providers to continue rendering services, and any other agreements:

We have Risk of Insolvency Insurance in addition to Reinsurance

7.1

Does the reporting entity set up its claim liability for provider services on a service date base?

Yes [X] No []

7.2

If no, give details:

8.

Provide the following information regarding participating providers:

8.1

Number of providers at start of reporting year

.2

8.2

Number of providers at end of reporting year

18

9.1

Does the reporting entity have business subject to premium rate guarantees?

Yes [] No [X]

9.2

If yes, direct premium earned:

9.21

Business with rate guarantees between 15-36 months

9.22

Business with rate guarantees over 36 months

28

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
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GENERAL INTERROGATORIES

10.1 Does the reporting entity have Incentive Pool, Withhold or Bonus Arrangements in its provider contract?

Yes [X] No []

10.2 If yes:

10.21 Maximum amount payable bonuses

\$.....2,840

10.22 Amount actually paid for year bonuses

\$.....2,840

10.23 Maximum amount payable withholds

\$.....0

10.24 Amount actually paid for year withholds

\$.....0

11.1 Is the reporting entity organized as:

11.12 A Medical Group/Staff Model,

Yes [] No [X]

11.13 An Individual Practice Association (IPA), or,

Yes [] No [X]

11.14 A Mixed Model (combination of above) ?.....

Yes [X] No []

11.2 Is the reporting entity subject to Minimum Net Worth Requirements?

Yes [X] No []

11.3 If yes, show the name of the state requiring such net worth.

Michigan

11.4 If yes, show the amount required.

\$.....1,500,000

11.5 Is this amount included as part of a contingency reserve in stockholder's equity?

Yes [X] No []

11.6 If the amount is calculated, show the calculation.

12. List service areas in which reporting entity is licensed to operate:

1
Name of Service Area
Wayne, Macomb, and Oakland counties.....

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

FIVE-YEAR HISTORICAL DATA

	1 2006	2 2005	3 2004	4 2003	5 2002
Balance Sheet (Pages 2 and 3)					
1. Total admitted assets (Page 2, Line 26)	5,214,682	2,210,935	0	0	0
2. Total liabilities (Page 3, Line 22)	3,656,883	623,579	0	0	0
3. Statutory surplus	1,557,799	1,500,000	0	0	0
4. Total capital and surplus (Page 3, Line 31)	1,557,799	1,587,356	0	0	0
Income Statement (Page 4)					
5. Total revenues (Line 8)	8,756,847	814,647	0	0	0
6. Total medical and hospital expenses (Line 18)	8,520,280	747,137	0	0	0
7. Claims adjustment expenses (Line 20)	26,971	3,481	0	0	0
8. Total administrative expenses (Line 21)	241,445	112,769	0	0	0
9. Net underwriting gain (loss) (Line 24)	(31,849)	(48,740)	0	0	0
10. Net investment gain (loss) (Line 27)	89,400	36,096	0	0	0
11. Total other income (Lines 28 plus 29)	0	0	0	0	0
12. Net income (loss) (Line 32)	57,551	(12,644)	0	0	0
Risk - Based Capital Analysis					
13. Total adjusted capital.....	1,557,799	1,587,356	0	0	0
14. Authorized control level risk-based capital.....	577,498	169,627	0	0	0
Enrollment (Exhibit 1)					
15. Total members at end of period (Column 5, Line 7)	672	192	0	0	0
16. Total member months (Column 6, Line 7)	4,739	526	0	0	0
Operating Percentage (Page 4)					
(Item divided by Page 4, sum of Lines 2, 3 and 5) x 100.0					
17. Premiums earned plus risk revenue (Line 2 plus Lines 3 and 5)	100.0	100.0	100.0	100.0	100.0
18. Total hospital and medical plus other non-health (Lines 18 plus 19)	97.3	91.7	0.0	0.0	0.0
19. Cost containment expenses	0.0	0.4	0.0	xxx	xxx
20. Other claims adjustment expenses	0.3	0.1	0.0	0.0	0.0
21. Total underwriting deductions (Line 23)	100.4	106.0	0.0	0.0	0.0
22. Total underwriting gain (loss) (Line 24)	(0.4)	(6.0)	0.0	0.0	0.0
Unpaid Claims Analysis					
(U&I Exhibit, Part 2B)					
23. Total claims incurred for prior years (Line 13, Col. 5)	661,757	0	0	0	0
24. Estimated liability of unpaid claims – [prior year (Line 13, Col. 6)]	572,474	0	0	0	0
Investments In Parent, Subsidiaries And Affiliates					
25. Affiliated bonds (Sch. D Summary, Line 25, Col. 1)	0	0	0	0	0
26. Affiliated preferred stocks (Sch. D Summary, Line 39, Col. 1)	0	0	0	0	0
27. Affiliated common stocks (Sch. D Summary, Line 53, Col. 2)	0	0	0	0	0
28. Affiliated short-term investments (subtotal included in Sch. DA, Part 2, Col. 5, Line 11)	0	0	0	0	0
29. Affiliated mortgage loans on real estate	0	0	0	0	0
30. All other affiliated	0	0	0	0	0
31. Total of above Lines 25 to 30	0	0	0	0	0

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

SCHEDULE D - SUMMARY BY COUNTRY

Long-Term Bonds and Stocks OWNED December 31 of Current Year					
Description		1 Book/Adjusted Carrying Value	2 Fair Value	3 Actual Cost	4 Par Value of Bonds
BONDS Governments (Including all obligations guaranteed by governments)	1. United States	544,763	545,233	542,245	560,000
	2. Canada				
	3. Other Countries				
	4. Totals	544,763	545,233	542,245	560,000
States, Territories and Possessions (Direct and guaranteed)	5. United States				
	6. Canada				
	7. Other Countries				
	8. Totals	0	0	0	0
Political Subdivisions of States, Territories and Possessions (Direct and guaranteed)	9. United States				
	10. Canada				
	11. Other Countries				
	12. Totals	0	0	0	0
Special revenue and special assessment obligations and all non-guaranteed obligations of agencies and authorities of governments and their political subdivisions	13. United States				
	14. Canada				
	15. Other Countries				
	16. Totals	0	0	0	0
Public Utilities (unaffiliated)	17. United States				
	18. Canada				
	19. Other Countries				
	20. Totals	0	0	0	0
Industrial and Miscellaneous and Credit Tenant Loans (unaffiliated)	21. United States				
	22. Canada				
	23. Other Countries				
	24. Totals	0	0	0	0
Parent, Subsidiaries and Affiliates	25. Totals	0	0	0	0
	26. Total Bonds	544,763	545,233	542,245	560,000
PREFERRED STOCKS Public Utilities (unaffiliated)	27. United States				
	28. Canada				
	29. Other Countries				
	30. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	31. United States				
	32. Canada				
	33. Other Countries				
	34. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	35. United States				
	36. Canada				
	37. Other Countries				
	38. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	39. Totals	0	0	0	
	40. Total Preferred Stocks	0	0	0	
COMMON STOCKS Public Utilities (unaffiliated)	41. United States				
	42. Canada				
	43. Other Countries				
	44. Totals	0	0	0	
Banks, Trust and Insurance Companies (unaffiliated)	45. United States				
	46. Canada				
	47. Other Countries				
	48. Totals	0	0	0	
Industrial and Miscellaneous (unaffiliated)	49. United States				
	50. Canada				
	51. Other Countries				
	52. Totals	0	0	0	
Parent, Subsidiaries and Affiliates	53. Totals	0	0	0	
	54. Total Common Stocks	0	0	0	
	55. Total Stocks	0	0	0	
	56. Total Bonds and Stocks	544,763	545,233	542,245	

SCHEDULE D - VERIFICATION BETWEEN YEARS

Bonds and Stocks

1. Book/adjusted carrying value of bonds and stocks, prior year.....	1,625,933	7. Amortization of premium.....	
2. Cost of bonds and stocks acquired, Column 7, Part 3.....	542,245	8. Foreign Exchange Adjustment:	
3. Accrual of discount.....	4,755	8.1 Column 15, Part 1	0
4. Increase (decrease) by adjustment:.....		8.2 Column 19, Part 2, Sec. 1.....	0
4.1 Columns 12 - 14, Part 1.....	0	8.3 Column 16, Part 2, Sec. 2	0
4.2 Columns 15 - 17, Part 2, Sec. 1.....	0	8.4 Column 15, Part 4	0
4.3 Column 15, Part 2, Sec. 2.....	0		
4.4 Columns 11 - 13, Part 4	0	9. Book/adjusted carrying value at end of current period	544,763
5. Total gain (loss), Column 19, Part 4	0	10. Total valuation allowance	
6. Deduct consideration for bonds and stocks disposed of		11. Subtotal (Lines 9 plus 10)	544,763
Column 7, Part 4	1,628,170	12. Total nonadmitted amounts	
		13. Statement value of bonds and stocks, current period	544,763

Prior Year balance of \$1,625,933 was not rolling forward properly so I overrode it.

ANNUAL STATEMENT FOR THE YEAR 2006 OF THE
Fidelis SecureCare of Michigan Inc.

SCHEDULE T PREMIUMS AND OTHER CONSIDERATIONS

Allocated by States and Territories								
State, Etc.	1	2	Direct Business Only					
	Guaranty Fund (Yes or No)	Is Insurer Licensed (Yes or No)	3	4	5	6	7	8
			Accident & Health Premiums	Medicare Title XVIII	Medicaid Title XIX	Federal Employees Health Benefits Program Premiums	Life & Annuity Premiums & Deposit Type Contract Funds	Property/ Casualty Premiums
1. Alabama.....AL	No	No						
2. Alaska.....AK	No	No						
3. Arizona.....AZ	No	No						
4. Arkansas.....AR	No	No						
5. California.....CA	No	No						
6. Colorado.....CO	No	No						
7. Connecticut.....CT	No	No						
8. Delaware.....DE	No	No						
9. District of Columbia.....DC	No	No						
10. Florida.....FL	No	No						
11. Georgia.....GA	No	No						
12. Hawaii.....HI	No	No						
13. Idaho.....ID	No	No						
14. Illinois.....IL	No	No						
15. Indiana.....IN	No	No						
16. Iowa.....IA	No	No						
17. Kansas.....KS	No	No						
18. Kentucky.....KY	No	No						
19. Louisiana.....LA	No	No						
20. Maine.....ME	No	No						
21. Maryland.....MD	No	No						
22. Massachusetts.....MA	No	No						
23. Michigan.....MI	No	Yes		8,895,820				
24. Minnesota.....MN	No	No						
25. Mississippi.....MS	No	No						
26. Missouri.....MO	No	No						
27. Montana.....MT	No	No						
28. Nebraska.....NE	No	No						
29. Nevada.....NV	No	No						
30. New Hampshire.....NH	No	No						
31. New Jersey.....NJ	No	No						
32. New Mexico.....NM	No	No						
33. New York.....NY	No	No						
34. North Carolina.....NC	No	No						
35. North Dakota.....ND	No	No						
36. Ohio.....OH	No	No						
37. Oklahoma.....OK	No	No						
38. Oregon.....OR	No	No						
39. Pennsylvania.....PA	No	No						
40. Rhode Island.....RI	No	No						
41. South Carolina.....SC	No	No						
42. South Dakota.....SD	No	No						
43. Tennessee.....TN	No	No						
44. Texas.....TX	No	No						
45. Utah.....UT	No	No						
46. Vermont.....VT	No	No						
47. Virginia.....VA	No	No						
48. Washington.....WA	No	No						
49. West Virginia.....WV	No	No						
50. Wisconsin.....WI	No	No						
51. Wyoming.....WY	No	No						
52. American Samoa.....AS	No	No						
53. Guam.....GU	No	No						
54. Puerto Rico.....PR	No	No						
55. U.S. Virgin Islands.....VI	No	No						
56. Northern Mariana Islands.....MP	No	No						
57. Canada.....CN	No	No						
58. Aggregate other alien.....OT	XXX	XXX	0	0	0	0	0	0
59. Subtotal.....	XXX	XXX	0	8,895,820	0	0	0	0
60. Reporting entity contributions for Employee Benefit Plans.....	XXX	XXX						
61. Total (Direct Business).....	XXX	(a) 1	0	8,895,820	0	0	0	0
DETAILS OF WRITE-INS								
5801.	XXX	XXX						
5802.	XXX	XXX						
5803.	XXX	XXX						
5898. Summary of remaining write-ins for Line 58 from overflow page.....	XXX	XXX	0	0	0	0	0	0
5899. Totals (Lines 5801 through 5803 plus 5898) (Line 58 above).....	XXX	XXX	0	0	0	0	0	0

Explanation of basis of allocation by states, premiums by state, etc.:
(a) Insert the number of yes responses except for Canada and other Alien.

